

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**To:** County Auditors  
**From:** DLGF Budget Division  
**Re:** Deduction Changes  
**Date:** March 2006

SEA 260-2006 amended the filing deadline for various property tax benefits from May 10 to June 10, beginning in 2006. This change affects 2006 deduction applications filed for 2006 pay 2007 property taxes. The following property tax benefits now have a June 10 filing deadline:

Mortgage deduction	Over 65 deduction
Standard deduction/credit	Blind or disabled deduction
Veterans total disability deduction	Veterans partial disability deduction
WW1 veteran's deduction	Surviving spouse of a veteran deduction
Rehabilitation deduction	Wind power deduction
Coal conversion deduction	Hydroelectric deduction
Geothermal deduction	Fertilizer/pesticide deduction

HEA1001-2006 increased the homestead deduction amount under IC 6-1.1-12-37 to \$45,000 for 2006 taxes due and payable in 2007 only. For 2007 taxes due and payable in 2008, the deduction amount returns to \$35,000. Also, IC 6-1.1-20.9-2 was amended to increase the percentage of homestead credit used to determine a taxpayer's net tax liability to 28% from 20%. For 2007 and thereafter, the percentage remains 20%. The Department of Local Government Finance has recalculated the 2005 pay 2006 homestead credit rates for each taxing district to reflect this legislative change.

The Department is currently updating deduction forms and memoranda to include the aforementioned changes.